



Date December 4, 2023

RESOLUTION APPROVING FINAL TERMS OF AN URBAN RENEWAL DEVELOPMENT AGREEMENT WITH CENTER AT SIXTH FOR THE CONSTRUCTION OF A MIXED-USE RESIDENTIAL AND COMMERCIAL DEVELOPMENT LOCATED AT 1760 6TH AVENUE, APPROVING MINIMUM ASSESSMENT AGREEMENT, AND APPROVING CONCEPTUAL DEVELOPMENT PLAN

WHEREAS, Center at Sixth (Marquas Ashworth, President, 712 E 6th Street, Unit 200, Des Moines, IA 50309) proposes to construct a new mixed-use project including 9,000 square feet of commercial space in addition to six (6) work/live units (collectively “Improvements”) at 1760 6th Avenue, which project will be home to the Center at Sixth Incubator, a retail and restaurant development space specifically designed to meet the unique needs of Black, Brown, and other underrepresented and underserved entrepreneurs; and

WHEREAS, construction of the Improvements is anticipated to be completed by December 31, 2024, at an estimated total project cost of \$8,650,000.00, subject to receipt of the financial assistance identified below; and

WHEREAS, pursuant to Roll Call No. 22-1144, approved on July 18, 2022, the City Council directed the City Manager to proceed with negotiation of a Development Agreement with the Developer for the project; and

WHEREAS, the City’s Office of Economic Development has negotiated an Urban Renewal Development Agreement (the “Development Agreement”) with the Developer, whereby the Developer has agreed to construct the Improvements, in accordance with the Conceptual Development Plan, which proposed Development Agreement and Conceptual Development Plan related thereto are on file in the office of the City Clerk; and

WHEREAS, the proposed Development Agreement provides that in consideration of the Developer’s commencement and completion of the Improvements and in lieu of commercial tax abatement, the City will provide an economic development grant as follows: 1) An initial payment of \$100,000.00, to be paid from the City’s general fund (“Initial Payment”), and 2) for 20 years in the following percentage of the project-generated tax increment (TIF) for taxable building valuations (exclusive of land) in 95% in years one (1) through twenty (20), capped at \$850,000; and

WHEREAS, the Developer has further agreed, as stated in the Development Agreement, to maintain affordability, for the 20-year duration of economic development assistance, in half of the residential units in addition to participation in and compliance with MidAmerican Energy’s Commercial New Construction program and subject to a Minimum Assessment Agreement; and

WHEREAS, at its meeting on November 21, 2023, the Urban Design Review Board voted 7-0 to recommend approval of final design of the Improvements as proposed by the Developer and set forth



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in the Conceptual Development Plan incorporated in the Development Agreement and voted 7-0 to recommend approval of financial assistance as set forth above and in said Agreement; and

WHEREAS, on November 21, by Roll Call No. 22-1817, the City Council authorized the City Manager to apply American Rescue Plant Act (ARPA) funds in an amount not to exceed \$3,000,000 to Affordable Housing – Moderate to Low Income – New Construction, assuring that the City funds shall be used for public purposes; and

WHEREAS, due to the Development Agreement, said ARPA funds necessary for the Initial Payment will be reallocated for the provision of government services within the general fund.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Des Moines, Iowa, that:

1. The City Council hereby makes the following findings in support of the proposed Development Agreement with Developer:

- a. Developer's obligations under the Development Agreement to redevelop the Property for a mixed-use building, including commercial and multi-family residential uses, further the objectives of the Metro Center Urban Renewal Plan to encourage and facilitate high quality commercial, mixed use and residential uses and the associated employment opportunities and slum and blight elimination within the Plan area; provide a diversity of housing options to accommodate residents of all ages, income levels, household sizes, and cultural backgrounds; preserve, maintain, and improve the existing inventory of multi-family housing; foster economic prosperity and stability by retaining existing businesses; further Des Moines' revitalization efforts to improve the strength, stability, and vitality of the Project Area; and protect Des Moines' historic and cultural assets that contribute to neighborhood and community identity.
- b. The economic development incentives for the development of the Project are provided by the City pursuant to the Urban Renewal Law and Chapter 15A of the Code of Iowa, and Developer's obligations under this Agreement to construct the Improvements will generate the following public gains and benefits: (i) it will encourage and assist with the redevelopment and/or removal of blighted, obsolete, and underutilized properties within the Project Area; (ii) it will facilitate the development and re-development of commercial, mixed use and residential uses for the creation and retention of jobs in the City of Des Moines; (iii) it will provide a diversity of housing options; increase the overall tax base; (iv) it will maximize the return on past investment in road and public utility networks, and (v) it will provide equitable economic and entrepreneurial opportunities to those underrepresented and underserved.
- c. The construction of the Project is a speculative venture and the construction and the construction and resulting benefits would not occur without the economic incentives provided by the Development Agreement.



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- d. The development of the Property pursuant to the Development Agreement, and the fulfillment generally of the Agreement, are in the vital and best interests of City and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements under which the Project has been undertaken, and warrant the provision of the economic assistance set forth in the Agreement.

2. The Urban Renewal Development Agreement between the City and Developer, the Minimum Assessment Agreement, and the Conceptual Development Plan attached thereto, all as on file in the office of the City Clerk, are hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute and attest to, respectively, the Agreement on behalf of the City of Des Moines.

3. The Director of the Office of Economic Development or her designee are directed to submit a copy of the fully executed Development Agreement to the Finance Department for purposes of required Electronic Municipal Market Access disclosure filings.

4. Upon requisition by the Office of Economic Development, the Finance Department shall advance the installments on the Economic Development Assistance pursuant to Article 4 of the Development Agreement, including the Initial Payment.

5. The Development Services Director or designee(s) are hereby authorized and directed to administer the Development Agreement on behalf of the City, and to monitor compliance by the Developer with the terms and conditions of the Agreement. The Development Services Director is further directed to forward to City Council all matters and documents that require City Council review and approval in accordance with the Agreement.



Roll Call Number

Agenda Item Number

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(Council Communication No. 23-545)

MOVED BY _____ TO ADOPT. SECOND BY _____.

APPROVED AS TO FORM:

/s/ Lisa A. Wieland

Lisa A. Wieland, Assistant City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
BOESEN				
COWNIE				
GATTO				
COLEMAN				
MANDELBAUM				
VOSS				
WESTERGAARD				
TOTAL				

MOTION CARRIED APPROVED

_____ Mayor

CERTIFICATE

I, LAURA BAUMGARTNER, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

_____ City Clerk